

## Message Text

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ACTION NEA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 CU-02 L-02 H-02 /083 W  
----- 007729

R 140645Z MAY 75

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 6724

LIMITED OFFICIAL USE SECTION 1 OF 2 DACCA 2351

E.O. 11652: N/A

TAGS: EINV, BTRA, BBCP, BEXP, OEXC, BG

SUBJECT: INVESTMENT CLIMATE: PROPOSED VISITS AND SEMINAR

REF: A. DACCA 1825 B. DACCA 0043 C. STATE 106117

SUMMARY: THERE IS STRONG INTEREST ON THE PART OF BDG MINISTRY OF INDUSTRIES OFFICIALS IN PROMOTING US PRIVATE FOREIGN INVESTMENT IN BANGLADESH. TO THIS END, THEY PROPOSE HOLDING AN INVESTMENT SEMINAR, ORGAINZED WITH OPIC. THE INDUSTRIES MINISTER WOULD WELCOME AN INVITATION TO VISIT THE US. OUR INTERNATIONAL VISITORS PROGRAM OFFERS OPPORTUNITIES FOR PROMOTING US/BANGLADESH TRADE AND INVESTMENT. THIS MESSAGE OUTLINES THESE POSSIBILITIES AND RECOMMENDS:

(A) AND INVESTMENT SEMINAR BE ORGANIZED WITH OPIC PARTICIPATION NEXT WINTER; (B) THE INDUSTRIES MINISTER BE INVITED TO VISIT THE US (AT BDG EXPENSE); AND (C) TWO INTERNATIONAL VISITOR PROGRAM GRANTS BE OFFERED IN FY '76 TO PROMOTE US-BANGLADESH TRADE AND INVESTMENT. END SUMMARY.

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1. EMBOFF CALLED MAY 6 ON INDUSTRIES SECRETARY GOLAM

MUSTAPHA, TO DISCUSS POSSIBLE WAYS TO PROMOTE US-BANGLADESH TRADE AND PRIVATE INVESTMENT. FOLLOWING POSSIBILITIES SURFACED:

(A) AN INVESTMENT SEMINAR, TO BE ORGANIZED WITH OPIC PARTICIPATION NEXT WINTER;

(B) THE INDUSTRIES MINISTER BE INVITED TO VISIT THE US (AT BDG EXPENSE); AND

(C) TWO INTERNATIONAL VISITOR PROGRAM GRANTS BE OFFERED IN FY '76 TO PROMOTE US-BANGLADESH TRADE AND INVESTMENT.

MUSTAPHA SAID THAT IDEA OF PROMOTING US INVESTMENT IN BANGLADESH WAS MENTIONED AT JANUARY 17 SIGNING OF OPIC AGREEMENT WITH OPIC CHAIRMAN PARKER. INDUSTRIES MINISTRY HAD SINCE PURSUED IDEA WITH OPIC. MUSTAPHA HAD RECENTLY RECEIVED LETTER FROM BANGLADESH EMBASSY, WASHINGTON, REPORTING OPIC INTEREST IN PARTICIPATING IN SEMINAR OR INVESTMENT OPPORTUNITIES IN BANGLADESH. MUSTAPHA HAD JUST REPLIED, INSTRUCTING BDG EMBASSY SUGGEST TO OPIC THAT SEMINAR BE HELD IN BANGLADESH AT ANY CONVENIENT TIME (GIVEN TWO MONTHS OR MORE NOTICE), INVOLVE 20 TO 30 OR MORE US BUSINESSMEN, AND FOCUS ON SPECIFIC INVESTMENT PROJECT PROPOSALS SELECTED AND OUTLINED BY BDG. WHILE "OF OPEN MIND" ON VENUE, MUSTAPHA SAID THAT CHOICE OF BANGLADESH WOULD EXPOSE US INVESTORS TO LOCAL ECONOMIC, PHYSICAL, AND POLITICAL CONDITIONS. US BUSINESSMEN WOULD BE DRAWN FROM FIRMS SPECIFICALLY INTERESTED IN SELECTED PROJECTS AS WELL AS FROM BANKS AND REPRESENTATIVE BODIES CONCERNED WITH BUSINESS RELATIONS WITH SOUTH ASIA.

(B) INDUSTRIES MINISTER VISIT. INDUSTRIES MINISTER KAMARUZZAMAN WOULD WELCOME INVITATION VISIT US TO MEET WITH US BUSINESSMEN AND INDUSTRIALISTS AND EXPLAIN BDG INVESTMENT POLICY IN ORDER PROMOTE INTEREST IN INVESTMENT GENERALLY AND IN SEMINAR SPECIFICALLY. WHEN EMBOFF NOTED THAT USG WOULD NOT BE LIKELY FINANCE LIMITED OFFICIAL USE

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SUCH A TRIRH (KAMARUZZAMAN FIRST VISITED US AS COMMERCE MINISTER IN 1973), MUSTAPHA CLEARLY IMPLIED THAT MINISTER'S EXPENSES WOULD BE BORNE BY BDG, BUT THAT OFFICIAL INVITATION WOULD ENSURE THAT MINISTER WAS, IN FACT, WELCOME. VISIT IN SEPTEMBER OR OCTOBER, 1975 WOULD PERMIT MINISTER CONTRIBUTE TO PROMOTION OF SEMINAR BE TO HELD LATER IN WINTER (SAY, JANUARY OR FEBRUARY, 1976).

(C) IV GRANTS. EMBOFF DESCRIBED INTERNATIONAL VISITOR PROGRAM, NOTED THAT NO RPT NO PRIVATE BUSINESSMEN OR BDG OFFICIALS CONCERNED WITH TRADE OR INVESTMENT HAD GONE TO US UNDER THAT PROGRAM SINCE WELL BEFORE INDEPENDENCE, AND SAID THAT EMBASSY WAS CONSIDERING RECOMMENDCCG INCLUSION ONE BDG OFFICIAL AND ONE PRIVATE SECTOR BUSINESS REPRESENTATIVE IN FY '76 PROGRAM. MUSTAPHA OFFERED ARGUMENTS -- "ONLY BDG OFFICIALS COULD AUTHORITATIVELY DESCRIBE BDG INVESTMENT POLICY"; "PRIVATE BUSINESSMEN ARE LARGELY TRADERS, NOT INDUSTRIALISTS", DESIGNED FIRST PROMOTE HIS OWN CANDIDACY (HE WOULD BE LOGICAL CHOICE) AND, SECOND, ENCOURAGE CHOICE OF BDG OFFICIAL OVER PRIVATE SECTOR REPRESENTATIVE.

### 3. COMMENTS.

(A) SEMINAR. BDG OFFICIALS GENUINELY BELIEVE THAT NEW INDUSTRIAL INVESTMENT POLICY ANNOUNCED JULY 1974 REPRESENTS LIBERAL OPPORTUNITY TO FOREIGN PRIVATE INVESTOR, AND INDUSTRIES MINISTRY OFFICIALS ARE UNDER PRESSURE TO DELIVER. WHILE SOME NEW INVESTMENT PROPOSALS HAVE BEEN PUT FORWARD (REFTEL A), BDG OFFICIALS ARE CLEARLY EAGER TO ATTRACT MORE. THERE ARE OBVIOUS DIFFICULTIES IN ATTRACTING PRIVATE FOREIGN INVESTMENT TO BANGLADESH, AND WE RECOGNIZE THAT "YOU CAN LEAD A HORSE TO WATER, BUT CANNOT MAKE HIM DRINK". NEVERTHELESS, EMBASSY BELIEVES ABOVE WAYS OF PROMOTING INVESTMENT MERIT SUPPORT. THERE ARE SOME SOUND INVESTMENT OPPORTUNITIES HERE, RANGING FROM VERY LARGE PROJECTS USING NATURAL GAS, TO VERY MODEST ONES, SUCH AS CANNING PINEAPPLES. A WELL SELECTED AND LIMITED OFFICIAL USE

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ACCURATELY DESCRIBED SET OF PROJECTS PROPOSALS ADVANCED BY THE BDG WOULD BE AN EXCELLENT BASIS FOR AN INVESTMENT SEMINAR. COMING TO BANGLADESH WOULD CERTAINLY EXPOSE US BUSINESSMEN TO THE "LOCAL ECONOMIC, PHYSICAL, AND POLITICAL CONDITIONS", BUT WE DOUBT THEY WOULD COME HERE. IT WOULD SEEM MORE REALISTIC TO BRING THE PROJECT PROPOSALS TO US BUSINESSMEN IN THE US AND THEN THOSE MOST INTERESTED COULD ARRANGE TO VISIT BANGLADESH. (THIS, OF COURSE, WOULD NOT SERVE, AS A SEMINAR IN BANGLADESH WOULD, THE INDUSTRIES MINISTER'S OWN POLITICAL GOAL--PUBLICLY DEMONSTRATING HIS HAVING BROUGHT HOME FROM A US TRIP, SIGNIFICANT US MONEY FOR BANGLADESH.)

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ACTION NEA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 CU-02 L-02 H-02 /083 W  
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R 140645Z MAY 75

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 6725

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(B) INVITATION TO MINISTER. KAMARUZZAMAN APPEARS TO US TO BE GENUINELY CONVINCED OF THE VALUE OF US PRIVATE INVESTMENT IN BANGLADES. HIS 1973 TRIP AS COMMERCE MINISTER WENT WELL. ON UNDERSTANDING USG IS NOT PAYING, WE BELIEVE SUCH A VISIT COULD BE MOST HELPFUL, BOTH IN ATTRACTING INVESTMENT TO BANGLADESH, AND IN EXPOSING CONCERNED MINISTER FIRSTHAND TO US BUSINESS VIEWS ON NEW INVESTMENT POLICY, WHY MORE INVESTORS ARE NOT COMING TO BANGLADESH, AND GENERALLY WHAT BDG MIGHT DO TO IMPROVE INVESTMENT CLIMATE.

(C) IV GRANTS. WE BELIEVE THAT A BDG OFFICIAL RESPONSIBLE FOR INVESTMENT POLICY AND APPROVAL OF INVESTMENT PROPOSALS WOULD BE A SENSIBLE CHOICE FOR AN FY '76 GRANT. WE ALSO BELIEVE THAT US BUSINESSMEN WILL, IN GENERAL, TEND TO HAVE MORE CONFIDENCE IN A PRIVATE BUSINESS REPRESENTATIVE THAN IN A GOVERNMENT OFFICIAL, AND WE BELIEVE THAT BOTH COUNTRIES WOULD BENEFIT FROM THE SELECTION OF A PRIVATE BUSINESS LEADER, WHO COULD PROMOTE TRADE FLOWS AS WELL AS INVESTMENT.

4. RECOMMENDATIONS.

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(A) WE BE AUTHORIZED TO EXPLORE DIRCTLY WITH INDUSTRIES MINISTER THE POSSILILITY OF AN OFFICIALS INVITATION FROM THE US SECRETARY OF COMMERCE, AND MORE PRECISELY THE TIMING AND PURPOSES OF SUCH A VISIT;

(B) OPIC PARTICIPATE JOINTLY WITH THE BDG IN ORGANIZING A SEMINAR ON INVESTMENT OPPORTUNITIES IN BANGLADESH;

(C) TWO INTERNATIONAL VISITOR GRANTS BE RESERVED IN FY '76 TO PROMOTE US-BANGLADESH TRADE AND INVESTMENT.

(D) INVESTMENT POLICY. TO WHAT EXTENT, AND UNDER WHAT CIRCUMSTANCES, SHOULD WE ENCOURAGE US PRIVATE COMPANIES TO INVEST IN BANGLADESH? IN SUM, WE ANSWER: CAUTIOUSLY AND IN CAREFULLY SELECTED AREAS, BEARING IN MIND THAT SEVERAL US COMPANIES NOW DOING BUSINESS HERE ARE MAKING SUFFICIENT TAKA PROFITS TO WARRANT FURTHER INVESTMENT IN BANGLADESH. SPECIFIC RELATED FACTORS, WHICH WILL INFLUENCE A US INVESTOR'S DECISION, ARE: OUTSTANDING PRIVATE DEBTS, OPIC INSURANCE, NATIONALIZATION COMPENSATION AND FUTURE EXIM BANK ACTION ON ANY LOAN REQUEST FOR AN EXPORT SALE TO BANGLADESH. UNPAID, PRE-INDEPENDENCE PRIVATE DEBTS AMOUNT TO LESS THAN \$15,000. WE HAVE RAISED THIS ISSUE FORMALLY WITH THE MINISTERS OF COMMERCE AND FINANCE AND WITH DR. SATTAR, SECRETARY, PRESIDENT'S SECRETARIAT. THE OPIC AGREEMENT WAS SIGNED JANUARY 17. THE POSITION ON NATIONALIZATION COMPENSATION REMAINS AS REPORTED DACCA 0043, EXCEPT THAT WE BROUGHT THIS ISSUE TO THE ATTENTION OF DR. SATTAR MAY 10. WE ARE SEEKING FURTHER INFORMATION FROM THE NATIONALIZED INDUSTRIES SECRETARY THIS WEEK. THE EXIM BANK ATTITUDE TOWARD THE BANGLADESH CAPACITY TO INCUR COMMERCIAL DEBT WILL, WE UNDERSTAND, NOT RPT NOT BE DECIDED UNTIL AFTER A SETTLEMENT OF EXISTING PRE-INDEPENDENCE DEBT OBLIGATIONS (STATE 106117).  
BOSTER

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## Message Attributes

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